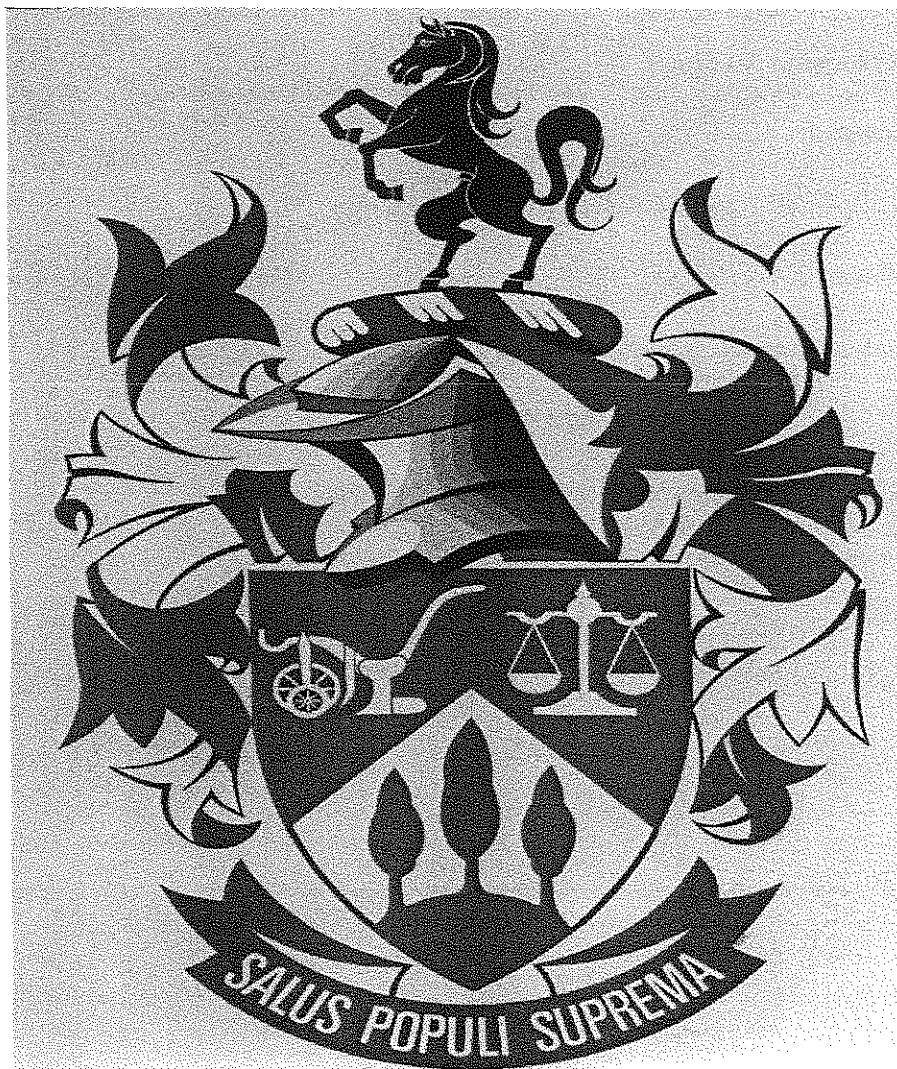

UBUHLEBEZWE MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS



FOR THE YEAR

ENDED 30 JUNE 2013

INDEX

Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of comparison of budget and actual amounts	8
Accounting Policies	9 - 25
Notes to the Annual Financial Statements	26 - 52
Appendix A Analysis of Property, Plant and Equipment	53
Appendix B Segmental Analysis of Property Plant and Equipment	54
Appendix C Segmental Statement of financial performance	55
Appendix D Disclosure of Grants and Subsidies in terms of Section 123 of the Municipal Financial Management Act 56, of 2003.	56

Annual Financial Statements

for

Ubuhlebezwe Municipality

for the year ended 30 June 2013

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	GM Sineke
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Name of Chief Financial Officer:	UP Mahlasela
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Contact telephone number:	(039) 834-7700
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Contact e-mail address:	mm@ubuhlebezwe.org.za
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treasury:	Mnqobi Nyoka
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Contact telephone number:	(033) 897-4266
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Name of relevant Auditor:	Naseem Mohamed
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Contact telephone number:	(033) 264-7400
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Contact e-mail address:	naseemm@agsa.co.za
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Treasury:	Thomas Matjeni
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Contact telephone number:	thomas.matjeni@treasury.gov.za
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Contact e-mail address:	012 315 5792
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Ubuhlebezwe Municipality
Annual Financial Statements
For the year ended 30 June 2013

General information

Members of the Council

Councillor	Z D Nxumalo
Councillor	T C Dlamini
Councillor	S C Shezi
Councillor	B P Nzimande
Councillor	M E Mkhize
Councillor	S H Dlamini
Councillor	C M Ngubo
Councillor	Z V Shange
Councillor	E B Ngubo
Councillor	M C Ndlovu
Councillor	D Ram
Councillor	Nzimande GP
Councillor	M C Sithole
Councillor	H C Jili
Councillor	G J Ngcongo
Councillor	W M Q Dlamini
Councillor	N J Peterson
Councillor	Z Khumalo
Councillor	N M Mdunge
Councillor	T P Dlamini
Councillor	S M Msimango
Councillor	C N Ntabeni
Councillor	W S Tenza
Councillor	T.S. Shoba

Municipal Manager

GM Sineke

Chief Financial Officer

UP Mahlasela

Grading of Local Authority

Grade 3 (In terms of the Remuneration of Public Office Bearers Act)

Auditors

Auditor-General

Bankers

First National Bank

Ubhlebezwe Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

General information (continued)

Registered Office: **Ubhlebezwe Municipality, Margatet Street , Ixopo**

Physical address:
29 Margaret Street
Ixopo

Postal address:
P O Box 132
Ixopo
3276

Telephone number: (039) 834-7700


Fax number: (039) 834-1168

E-mail address: mm@ubhlebezwe.org.za

Ubuhlebezwe MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 59, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 20 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager:
G.M. Sreke
DATE: 30 August 2013

UBUHLEBEZWE MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Note	2013 R	2012 R
ASSETS			
Non-Current Assets		187 256 638	175 879 850
Property, plant and equipment	1	174 950 385	163 573 597
Investment property carried at fair value	2	11 866 000	11 866 000
Intangible assets	3	440 253	440 253
Total Assets		187 256 638	175 879 850
Current Assets		68 542 547	48 619 244
Trade receivables from exchange transactions	6	4 581 048	4 248 374
Other receivables from non-exchange transactions	7	1 904 983	961 826
VAT receivable from exchange transactions	8	4 298 260	4 591 020
Cash and cash equivalents	9	57 758 256	38 818 024
Total Assets		255 799 185	224 499 094
LIABILITIES			
Current Liabilities		27 797 526	12 993 122
Current portion of finance lease liability	10	383 542	328 306
Trade and other payables from exchange transactions	11	11 737 645	5 533 636
Unspent conditional grants and receipts	12	15 676 339	7 131 180
Non-current Liabilities		4 985 511	5 444 634
Finance lease liability	10	762 529	1 036 582
Retirement benefits: Long Service Awards	31	917 982	763 379
Retirement benefits:Post Employment Medical Benefits	31	3 305 000	3 644 673
Total liabilities		32 783 037	18 437 756
NET ASSETS		223 016 147	206 061 338
Housing Development Fund		373 788	373 787
Accumulated surplus		222 642 360	205 687 550
Total net assets		223 016 148	206 061 337

UBUHLEBEZWE MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2013

	Note	2013 R	2012 R
REVENUE			
Revenue from non exchange transactions	13	92 245 965	72 519 135
Revenue from exchange transactions	13	8 623 291	7 216 625
Total revenue		100 869 256	79 735 761
EXPENSES			
Employee related costs	20	25 159 752	19 653 908
Remuneration of councillors	21	6 088 376	5 288 280
Depreciation and amortisation		16 420 807	13 498 151
Repairs and maintenance		1 828 294	1 824 235
Finance costs		132 979	165 591
Amortisation cost		-	-
Contracted services	22	2 584 797	1 755 845
General expenses		18 137 972	13 823 874
Contributions to provisions		1 620 072	(1 162 429)
Contributions to post retirement benefits		185 070	793 757
Grants and subsidies paid	23	5 862 667	3 098 997
Total expenses		78 020 785	58 740 209
Loss on disposal of property, plant and equipment		350 528	-
Impairment loss		5 819 205	102 364
Fair value adjustment		-	-
SURPLUS FOR THE YEAR		16 678 738	20 893 188

UBUHLEBEZWE MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 30 June 2013

	Note	Housing Development Fund	Accumulated Surplus	Total: Net Assets
		R	R	R
Balance at 30 June 2012		373 788	205 687 550	206 061 338
Other adjustments			2 721	2 721
Prior year adjustments		-	273 351	273 351
Restated balance at 30 June 2012		373 788	205 963 622	206 337 410
Surplus for the year		-	16 678 738	16 678 738
Balance at 30 June 2013		373 788	222 642 360	223 016 148

UBUHLEBEZWE MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2013

CASH FLOW STATEMENT

	Note	2013 R	2012 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		93 243 367	73 416 388
Cash paid to suppliers and employees		(43 253 198)	(43 807 738)
Cash generated from operations	25.1	49 990 170	29 608 650
Interest paid		-	(165 591)
Interest received	17	2 863 809	2 539 649
Net operating cash flow from operating activities		52 853 979	31 982 708
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	2	(33 694 929)	(27 430 147)
Net cash flows from investing activities		(33 694 929)	(27 430 147)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance Lease Liability	25	(218 817)	223 093
Net cash flows from financing activities		(218 817)	223 093
Net increase / (decrease) in net cash and cash equivalents		18 940 232	4 775 655
Cash and cash equivalents at beginning of period		38 818 024	34 042 369
Net cash and cash equivalents at end of period	9	57 758 256	38 818 024

UBUHLEBEZWE MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2013

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	ORIGINAL BUDGET	ADJUSTED BUDGET	2012/2013 FINAL ADJUSTED BUDGET	ACTUAL	VARIANCE	%variance	REASON FOR VARIANCE (ABOVE 10%)
REVENUE							
Property Rates	12 779 779	12 779 779	12 779 779	13 340 200	-560 421	-4.39%	
Revenue Forgone	-3 046 558	-3 046 556	-3 046 556	-5 048 539	2 001 983	-65.71%	The budget did not reflect the rebates
Rates penalties and service collection	212 000	212 000	212 000	0	212 000	100.00%	Penalties are included in the property rates
Service Charges	2 068 911	2 068 911	2 068 911	1 271 952	796 959	38.52%	New tariffs have been set for the next financial year
Licences and permits	2 732 960	2 732 960	2 732 960	3 143 865	-410 905	-15.04%	Vehicle testing was done daily as opposed to the 3 days in the last financial year
Fines	938 030	101 000	101 000	146 915	-45 915	-45.46%	More effort was put of traffic fine collection
Rental of facilities	588 898	422 230	422 230	207 611	214 619	50.83%	investment policy was vigorously managed
Interest - investments	2 120 000	2 120 000	2 120 000	2 863 809	-743 809	-35.09%	and implemented
Government Grants	75 079 060	87 142 060	87 142 060	82 348 978	4 793 082	5.50%	This amount is reflected in the liabilities as unspent
Other Income	6 832 983	4 781 273	4 781 273	2 594 495	2 186 778	45.74%	
Total Revenue	87 506 286	96 533 878	96 533 878	100 869 286	9 004 792		
EXPENSES							
Employee related costs	29 240 083	28 087 961	28 097 961	25 159 752	2 938 209	10.46%	Some posts were only filled during the year hence a 10% saving
Remuneration of councillors	6 448 587	6 428 587	6 428 587	6 088 376	340 211	5.29%	n/a
Bad debts	800 000	1 000 000	1 000 000	573 755	426 245	42.62%	Credit control policy was implemented
Depreciation and impairment	2 150 000	3 500 000	22 240 012	22 240 012	0	0.00%	
Repairs and maintenance	2 896 470	2 832 960	2 832 960	1 828 294	1 004 666	35.46%	A greater part of repairs and maintenance was done inhouse
Contracted services	3 504 927	3 903 237	3 903 237	1 937 330	1 965 907	50.37%	Vigorous budget monitoring implemented
General expenses	23 666 822	22 487 323	22 487 323	18 918 418	3 568 905	15.87%	n/a
Contributions to post retirement benefits			0	185 070	-185 070	0.00%	Included in the Employee related costs
Contributions to provisions	160 000	200 000	200 000	572 024	-372 024	-186.01%	Budgeted separate but paid in the employee related costs
Grants and subsidies paid	4 539 429	4 539 429	4 539 429	5 862 667	-1 323 238	-29.15%	This is as a result of roll overs and operational grants that were received during the year
Total Expenses	73 406 318	72 989 497	91 729 509	83 365 698	8 363 811		
NET RECEIPTS / PAYMENTS FOR THE YEAR	14 099 968	23 544 381	4 804 369	17 503 588	640 981		

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	01-Apr-13
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	01-Apr-13
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	01-Apr-13
GRAP 12 (Revised – Mar 2012)	Inventories	01-Apr-13
GRAP 13 (Revised – Mar 2012)	Leases	01-Apr-13
GRAP 16 (Revised – Mar 2012)	Investment Property	01-Apr-13
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	01-Apr-13
GRAP 25 (Original – Nov 2009)	Employee Benefits	01-Apr-13
GRAP 27 (Revised – Mar 2012)	Agriculture	01-Apr-13
GRAP 31 (Revised – Mar 2012)	Intangible Assets	01-Apr-13
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	01-Apr-13

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.8. LEASES

1.8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

Unspent conditional grants are recognised as a liability when the grant is received.

When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.11. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.12 Employee Benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence

The expected costs of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

Defined contribution plans

subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid.

The defined contribution plans are administered by independent trustees who are not employees of the municipality. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The municipality and its employees contribute to the Natal Joint Municipal Pension Fund which is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds are defined benefit funds. The Natal Joint Provident Fund is a defined contribution fund.

determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Post retirement health care benefits

The liability recognised in the Statement of Financial Position is in respect of defined benefit plan for post employment health care benefits. The fund is actuarially valued each year using the discounted cash flow method. Any deficits identified by the actuary are recovered from the municipality in the form of surcharges added to the contributions which are recognised as an expense in the Statement of Financial Performance in the year that they become payable. Valuations of these obligations are carried out every year by independent qualified actuaries.

1.12.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.12.4 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee. Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.13. PROPERTY, PLANT AND EQUIPMENT

1.13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a nonmonetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

Item	Average useful life
Land	
• Land	Infinite
Buildings	
• Dwellings	25-30
• Non Residential Dwelling	25-30
Infrastructure	
• Cemeteries	15-30
• Electricity	15-30
• Roads	15-50
• Solid Waste Disposal	10-55
Heritage	
• Heritage assets	Infinite
Other assets	
• Furniture and Office equipment	5-15
• Computer Equipment	5-10
• Machinery and Equipment	5-15
• Motor Vehicles	7
Leased assets	
• Finance leased assets	3

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.13.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.14. INTANGIBLE ASSETS

1.14.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

the Municipality intends to complete the intangible asset for use or sale;
it is technically feasible to complete the intangible asset;
the Municipality has the resources to complete the project; and
it is probable that the municipality will receive future economic benefits or service potential.
the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.14.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5

1.14.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15. INVESTMENT PROPERTY

1.15.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

It is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.15.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.15.4 Investment property

Initial recognition

Investment property includes property (land or a building, or part of a building) held to earn rentals and/or for capital appreciation or both, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures the investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property at no cost or for a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at the date of completion.

Subsequent measurement

Subsequent to initial measurement investment property is measured at cost.

1.16. NON-CURRENT ASSETS HELD FOR SALE

1.16.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. amount will be recovered through a sale transaction rather than through continuing use. disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.16.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.17.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.

Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

(b) Internal sources of information

Evidence is available of obsolescence or physical damage of an asset.

Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.17.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount. In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

Cessation, or near cessation, of the demand or need for services provided by the asset.

Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

(b) Internal sources of information

Evidence is available of physical damage of an asset.

Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.

A decision to halt the construction of the asset before it is complete or in a usable condition.

Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected. An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

depreciation replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.18. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments.

1.18.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.18.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.18.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.18.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.18.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.18.3 De-recognition of Financial Instruments

1.18.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired; or

the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.18.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.13.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.19. REVENUE

1.19.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from property rates is measured on accrual basis.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.19.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.

The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

The amount of revenue can be measured reliably.

It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

The prevailing rate for a similar instrument of an issuer with a similar credit rating;

A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.20. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Mayor, Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

1.21. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.22. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.25. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.25.1 Post retirement medical obligations and Long service awards

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.25.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.25.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time. Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.

Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

1.25.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. Management referred to the following when making assumptions regarding useful lives of intangible assets:

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

1.25.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time. Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

1.25.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

UBUHLEBEZWE MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

1.25.7 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.25.8 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.25.9 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.26. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.27. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.28. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

those that are indicative of conditions that arose after the reporting date (nonadjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

UBUHLEBEZWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2013

Property, plant and equipment														
Reconciliation of Carrying Value	Buildings		Infrastructure Assets		Community Assets		Heritage Assets		Work In Progress		Specialised Vehicles		Furniture & Computer Equipment	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
as at 1 July 2012	22 392 015	41 653 626	64 834 672	2 849 000	24 416 085	772 171	1 790 326	539 830						
Cost/Revaluation	31 206 865	152 401 920	89 752 471	2 849 000	24 416 085	1 073 328	3 241 740	1 219 210						
Accumulated depreciation and impairment losses	-8 814 850	#####	-24 917 799	-	-	-301 158	#####	-679 380						
Fair Value of Cost not previously recorded														
Accumulated depreciation not previously accounted for														
Other adjustment - Fully depreciated assets														
Restated Carrying Value as at 1 July 2012	22 392 015	41 653 626	64 834 673	2 849 000	24 416 085	772 170	1 910 066	669 143						
Cost	31 206 865	152 401 920	89 752 471	2 849 000	24 416 085	1 073 328	3 452 003	1 410 726						
Accumulated depreciation and impairment losses	-8 814 850	#####	-24 917 799	-	-	-301 158	#####	-741 583						
Acquisitions	789 608	7 130 851	3 713 437	-	15 894 269	2 154 138	356 101	1 296 293						
Capital Work in Progress Brought into use	-	6 346 502	13 853 623	-	-20 200 125	-	-	-						
Depreciation	-1 129 509	-7 698 050	-5 951 267	-	-	-205 047	-326 455	-157 316						
Carrying value of disposals	-	-	-	-	-	-	-	-						
Cost/Revaluation	-	-	-	-	-	-	-	-						
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-						
Carrying value of assets written off / reversals	-	-	-	-	-	-	-	-						
Cost	-	-	-	-	-	-	-	-						

Accumulated depreciation	-	-	-	-	-	-14 317	-514 979	-220 663
Impairment loss/Reversal of impairment loss	-	-550 566	-5 104 060	-	-	-	-54 230	-25 443
Other Adjustments								
as at 30 June 2013	22 052 114	46 882 363	71 346 406	2 849 000	20 150 229	2 720 261	1 709 423	1 646 493
Cost	31 996 473	165 679 273	107 319 631	2 849 000	20 150 229	3 213 149	3 030 015	2 337 962
Accumulated depreciation and impairment losses	-9 944 359	#####	-35 973 125	-	-	-492 888	#####	-681 469

UBUHLIBEZWE Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of property plant and equipment as set out in paragraphs 75.

UBUHLIBEZWE Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of leases as set out in paragraphs 55 to 60.

No assets of the municipality have been coded. An annual review of useful lives of assets and an impairment test were performed at year end.

UBUHLEBEZWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

1 Property, plant and equipment

Reconciliation of Carrying Value	Buildings	Infrastructure Assets	Community Assets	Heritage Assets	Work in Progress	Specialised Vehicles	Furniture & Equipment	Computer Equipment
	R	R	R	R	R	R	R	R
as at 1 July 2011	23 521 524	31 675 724	63 643 136	2 849 000	23 807 541	581 859	759 833	345 713
Cost/Revaluation	31 206 865	134 701 920	82 598 440	2 849 000	23 807 541	1 030 033	2 677 053	1 117 171
Accumulated depreciation and impairment losses	-7 685 341	#####	-18 955 304	-	-	-448 174	#####	-771 458
Change in estimate effective prospectively - Accumulated Depreciation	-	-	-	-	-	216 886	734 126	212 701
Acquisitions	-	-	-	-	25 462 474	43 295	564 678	102 039
Capital Work in Progress Brought into use	-	17 700 000	7 154 031	-	-24 854 031	-	-	-
Depreciation	-1 129 509	-7 722 098	-5 962 495	-	-	-69 879	-212 059	-89 457
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-56 252	-31 166
as at 30 June 2012	22 392 015	41 653 626	64 834 672	2 849 000	24 416 084	772 171	1 790 324	539 830
Cost	31 206 865	152 401 920	86 752 471	2 849 000	24 416 084	1 073 328	3 241 739	1 219 210
Accumulated depreciation and impairment losses	-8 814 850	#####	-24 917 799	-	-	-301 157	#####	-679 380

Plant & Equipment		Vehicles		Leases		Other Asset - Christmas Lights		Total	
R	R	R	R	R	R	R	R	R	R
1 332 048	1 932 103	1 061 724						163 573 600	
2 511 278	3 033 750	1 490 412						313 196 061	
-1 179 231	-1 101 647	-428 688						-149 622 461	
34 826								436 604	
-23 126								-198 380	
2 141	10 457							35 127	
1 345 888	1 942 550	1 061 724						163 846 951	
2 546 105	3 033 750	1 490 412						313 632 665	
-1 200 216	-1 091 190	-428 688						-148 785 714	
161 398	2 014 835	-	144 000					33 694 929	
-	-	-	-					-	
-168 105	-457 970	-298 088	-28 000					-16 420 807	
-	-							1 180	
-	360 420	-	-					401 860	
-	-360 420	-	-					-400 680	
43 240	-0							350 303	
209 803	20 775	-	-					1 290 700	

-169 663	-20 775	-	-	-940 397
-1 962	-81 944	-	-	-5 819 205
1 296 979	3 417 480	763 636	116 000	174 950 385
2 457 600	5 429 760	1 480 412	144 000	345 635 034
-1 200 620	-2 012 300	-726 776	-28 000	-170 684 648

BS vs AfS differ.

	Plant & Equipment		Vehicles		Leases		Leases		Total	
	R		R		R		R		R	
	1 144 196	565 082	850 258	850 258	1 019 974	1 019 974	149 743 366		285 765 910	
	2 511 278	2 246 525	1 019 974	1 019 974	-168 716	-168 716			-136 021 944	
	-1 387 082	-1 681 443	-168 716	-168 716					-	
	367 282	789 349	-	-			2 320 364			
	-	787 225	470 438	470 438			27 430 147			
	-	-	-	-			-			
	-164 494	-209 553	-258 972	-258 972			-15 818 516			
	-	-	-	-			-			
	-	-	-	-			-			
	-14 946	-	-	-			-102 364			
	1 332 046	1 932 103	1 061 724	1 061 724	1 490 412	1 490 412	163 573 597		313 186 067	
	2 511 278	3 033 750	1 430 412	1 430 412	-428 688	-428 688			-149 522 460	
	-1 179 230	-1 101 647	-428 688	-428 688						

2

2

2

2

UBUHLEBEZWE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	R	R
Investment properties carried at fair value		
Carrying Value Opening Balance - at 30 June	11 866 000	11 866 000
Carrying Value Closing Balance - at 30 June	<u>11 866 000</u>	<u>11 866 000</u>
Investment property pledged as security		
No investment property is pledged as security	<u>-</u>	<u>-</u>
Rental income from investment property		
Direct operating expenses from rental generating property	<u>-</u>	<u>-</u>
Details of investment property		

The investment property consists of land owned by the municipality

Intangible Assets

Carrying value opening balance	440 253	440 253
Cost	440 253	440 253
Accumulated Amortisation	-	-
Restated opening balance	-	440 253
Cost	-	440 253
Accumulated Amortisation	-	-
Carrying value closing balance	440 253	440 253
Cost	440 253	440 253
Accumulated Amortisation	-	-

The carrying value of intangible assets disclosed relate to computer software of R440 253.

UBUHLEBEZWE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013
	R
4 HOUSING OPERATING ACCOUNT	
Housing Operating Account	<u>373 787</u>
The Housing Operating Account is represented by the following assets and liabilities :	
Housing selling schemes	122 298
Cash and cash equivalents.	<u>251 489</u>
	<u>373 787</u>
5 LONG-TERM RECEIVABLES	
Housing selling scheme loans	122 298
Less : Provision for Bad Debts	(122 298)
Total	<u>-</u>

2012
R

373 787

122 298
251 489

373 787

122 298
(122 298)

-

UBUHLEBEZWE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	R	R
6 TRADE RECEIVABLE FROM EXCHANGE TRANSACTIONS (CONSUMER DEBTORS)		
Rates	10 156 964	9 011 780
Electricity	7 574	7 574
Self Help Scheme	119 401	129 022
Refuse	2 675 779	2 415 699
Sundry	72 485	75 665
Rent	327 068	373 158
VAT Debtors	422 193	387 844
	13 781 464	12 400 742
Total service debtors	13 781 464	12 400 742
Less provision for bad debts	(9 200 416)	(8 152 368)
Total	4 581 048	4 248 374
 <u>Rates: Ageing</u>		
Current (0 – 30 days)	(48 240)	203 839
31 - 60 Days	662 491	218 951
61 - 90 Days	576 377	203 084
91 - 120 Days	539 104	351 796
Greater than 120 days.	8 427 232	8 034 110
Total	10 156 964	9 011 780
 <u>Electricity: Ageing.</u>		
Current (0 – 30 days)		
31 - 60 Days		
61 - 90 Days		
91 - 120 Days		
Greater than 120 days.	7 574	7 574
Total	7 574	4 943
 <u>Self Help Scheme: Ageing.</u>		
Current (0 – 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
Greater than 120 days.	119 401	129 022
Total	119 401	129 022
 <u>Rent: Ageing.</u>		
Current (0 – 30 days)	25 004	13 650
31 - 60 Days	5 243	933
61 - 90 Days	915	932
91 - 120 Days	722	1 114
Greater than 120 days.	295 184	356 529
Total	327 068	373 158
 <u>Refuse: Ageing.</u>		
Current (0 – 30 days)	160 004	148 283
31 - 60 Days	86 610	38 458
61 - 90 Days	78 673	35 041
91 - 120 Days	75 550	34 011
Greater than 120 days.	2 274 942	2 159 906
Total	2 675 779	2 415 699

6.1 (TRADE RECEIVABLE FROM EXCHANGE TRANSACTIONS -CONSUMER DEBTORS) continued

Sundry: Ageing.

Current (0 – 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	72 485	75 665
Greater than 120 days.	<u>72 485</u>	<u>75 665</u>

Total**Vat Debtors**

Current (0 – 30 days)	14 668	22 796
31 - 60 Days	11 281	5 508
61 - 90 Days	9 776	5 030
91 - 120 Days	9 369	4 922
Greater than 120 days.	<u>377 099</u>	<u>349 588</u>
Total	<u>422 193</u>	<u>387 844</u>

Add back credits included above: Ageing

Current (0 – 30 days)	(527 004)	(464 630)
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
Greater than 120 days	-	-
Total	<u>(527 004)</u>	<u>(464 630)</u>

Included in the consumer debtors balances are the amounts owed by other spheres of Government:

Other spheres of Government: Ageing

Current (0 – 30 days)	8 633	10 946
31 - 60 Days	40 616	18 403
61 - 90 Days	39 898	18 396
91 - 120 Days	38 990	102 447
Greater than 120 days	<u>219 019</u>	<u>2 048 632</u>
Total	<u>347 156</u>	<u>2 198 824</u>

6.2 Reconciliation of the doubtful debt provision

Balance at beginning of the year	(8 274 666)	(10 080 082)
Consumer Debtors	(8 152 368)	(9 957 784)
Other Debtors (note 7.)	(122 298)	(122 298)
(Release from) Contribution to provision	(1 048 048)	1 805 416
Consumer Debtors	(573 755)	1 805 416
Vat Debtors	(474 293)	
Bad Debts written of against provision.	-	-
Consumer Debtors	(8 726 123)	(8 152 368)
Vat Debtors	(474 293)	
Other Debtors - Self Help Loans.		(122 298)
Balance at end of year.	<u>(9 200 416)</u>	<u>(8 274 666)</u>

7 OTHER RECEIVABLES (TRADE RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS)

Sundry Debtors	1 904 983	102 812
Other debtors DOH Low cost housing	-	573 880
Nokweja Disaster Fund	-	8 557
Accrued interest FNB.	-	163 207
Deposits paid	-	113 370
Total Other Debtors	<u>1 904 983</u>	<u>961 826</u>

8 VAT RECEIVABLE		
VAT receivable	4 298 260	4 591 020
	<u>4 298 260</u>	<u>4 591 020</u>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
9 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	4 249	4 249
Bank Balances	3 480 856	709 097
Short-term deposits	54 273 151	38 104 678
	<u>57 758 256</u>	<u>38 818 024</u>
The municipality had the following bank accounts		
<u>Current Account (Primary Bank Account)</u>		
First National Bank Limited - Ixopo Branch: Account Number 52552416194		
Cash book balance at beginning of year	709 097	478 537
	<u>709 097</u>	<u>478 537</u>
Cash book balance at end of year	3 480 856	709 097
	<u>3 480 856</u>	<u>709 097</u>
Bank statement balance at beginning of year	709 097	478 537
	<u>709 097</u>	<u>478 537</u>
Bank statement balance at end of year	3 483 276	709 097
	<u>3 483 276</u>	<u>709 097</u>
Investment Bank account		
<u>First National Bank - Ixopo Branch</u>		
<i>Account Number 62143895988 Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	2 164 854	20 618
Bank statement balance at the end of the year	<u>1 281 553</u>	<u>2 164 854</u>
Investment Bank account		
<u>First National Bank - Ixopo Branch</u>		
<i>Account Number 62248166218 Sangcwaba Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	605 010	590 630
Bank statement balance at the end of the year	<u>618 502</u>	<u>605 010</u>
Investment Bank account		
<u>First National Bank - Ixopo Branch</u>		
<i>Account Number 7 Day Call Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	2 373 965	5 152 676
Bank statement balance at the end of the year	<u>-</u>	<u>2 373 965</u>
Investment Bank account		
<u>Nedbank - Ixopo Branch</u>		
<i>Account Number 7881076763/001 Fixed Deposit 1 month</i>		
Bank statement balance at the beginning of the year	4 040 230	-
Bank statement balance at the end of the year	<u>-</u>	<u>4 040 230</u>
Investment Bank account		
<u>Nedbank - Ixopo Branch</u>		
<i>Account Number 7881076763/000047 Fixed Deposit 3 months</i>		
Bank statement balance at the beginning of the year	4 336 030	-
Bank statement balance at the end of the year	<u>4 563 609</u>	<u>4 336 030</u>

9 Investment Bank account
Nedbank - Ixopo Branch

Account Number 03/ 7881076763/002 Fixed Deposit 3 months

Bank statement balance at the beginning of the year
 Bank statement balance at the end of the year

-	-
5 064 274	-

Investment Bank account
Nedbank - Ixopo Branch

Account Number 7881076763/018

Bank statement balance at the beginning of the year
 Bank statement balance at the end of the year

6 338 206	6 000 822
3 602 349	6 338 206

Investment Bank account
Standard Bank Account - Ixopo Branch

Account Number 90 Days Equitable Share

Bank statement balance at the beginning of the year
 Bank statement balance at the end of the year

-	-
5 088 391	-

Investment Bank account
Standard Bank Account - Ixopo Branch

Account Number 90 Days Equitable Share - 068730276 - 005

Bank statement balance at the beginning of the year
 Bank statement balance at the end of the year

-	-
5 196 770	-

Investment Bank account
Standard Bank Account - Ixopo Branch

Account Number- MIG 068730276-007

Bank statement balance at the beginning of the year
 Bank statement balance at the end of the year

-	-
5 203 019	-

Investment Bank account
Standard Bank Account - Ixopo Branch

Account Number 068730276-004

Bank statement balance at the beginning of the year
 Bank statement balance at the end of the year

2 660 960	2 524 512
2 804 016	2 660 960

Investment Bank account
Standard Bank Account - Ixopo Branch

Account Number 068730276-005 Short Term Investment Account

Bank statement balance at the beginning of the year
 Bank statement balance at the end of the year

5 061 095	4 763 105
-	5 061 095

Investment Roads Grant
Standard Bank Account - Ixopo Branch

Account Number 068730276-006 Fixed Deposit 3 months

Bank statement balance at the beginning of the year
 Bank statement balance at the end of the year

3 677 393	-
-	3 677 393

Investment Bank account
Ithala - Ixopo Branch

Account Number 46125086

Bank statement balance at the beginning of the year
 Bank statement balance at the end of the year

-	-
3 082 221	-

9 Investment Bank account		
Absa - Ixopo Branch		
Account Number 20 - 7042-5909		
Bank statement balance at the beginning of the year	3 299 470	3 117 668
Bank statement balance at the end of the year	<u>3 445 068</u>	<u>3 299 470</u>
Investment Bank account		
Absa - Ixopo Branch		
Account Number 40553523279/001		
Bank statement balance at the beginning of the year		
Bank statement balance at the end of the year	<u>4 154 023</u>	<u>-</u>
Investment Bank account		
Absa - Ixopo Branch		
Account Number 2070490455		
Bank statement balance at the beginning of the year	3 547 466	3 500 000
Bank statement balance at the end of the year	<u>-</u>	<u>3 547 466</u>
Investment Bank account		
Absa - Ixopo Branch		
Account Number-ABSA: 60 Days Small Town Rehab.		
Bank statement balance at the beginning of the year		
Bank statement balance at the end of the year	<u>5 043 160</u>	<u>-</u>
Investment Bank account		
Absa - Ixopo Branch		
Account Number-ABSA: 3 Months: Small Town Rehab.		
Bank statement balance at the beginning of the year		
Bank statement balance at the end of the year	<u>5 126 197</u>	<u>-</u>
10 FINANCE LEASE OBLIGATION		
Minimum lease payments due		
Within one year	383 542	328 306
in 2 to 5 years inclusive	<u>762 529</u>	<u>1 036 582</u>
	<u>1 146 071</u>	<u>1 364 888</u>
Present value minimum lease payments due		
Within one year	383 542	328 306
in 2 to five years inclusive	<u>762 529</u>	<u>1 036 582</u>
	<u>1 146 071</u>	<u>1 364 888</u>
11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	4 907 290	1 749 719
Deposits Other	154 129	67 457
Payments received in advance	527 004	640 672
Staff leave accrual	1 812 189	1 862 078
Retentions	1 393 005	334 975
Payroll Suspense	16 963	83 393
Provision UIF.	-	-
Other creditors	2 927 065	795 342
Total creditors	<u>11 737 645</u>	<u>5 533 636</u>
Leave provision is calculated on leave due up to 48 days (Over and above 48 days is not provided for in terms of the Bargaining Council agreement)		

12 UNSPENT CONDITIONAL GRANTS AND SUBSIDIES

Unspent Conditional Grants from other spheres of Government

Capital Investment Program	9 700	9 700
Financial Management Grant	34 048	318 951
G I S Grant	8 467	8 466
Hawkers/Taxi Grant	1 033 341	1 033 341
H R Systems Governance	7 170	7 170
Ixopo Sportsfields	(144 366)	346 453
Small Town Rehabilitation	5 824 434	1 458 441
Kuyasa School Grant	4 302	4 302
Land Use Managent	220 238	220 238
Library Assistant	(134 945)	5 708
Library Building Grant	(117 956)	213 440
M I G Grant	5 895 983	1 747 075
Management Assistance	4 632	4 632
Marithal Project	8 197	8 196
Market Stalls	350 877	350 877
Municipal Development Planning Capacity Building	24 973	24 973
Municipal Administrative Development	9 000	9 000
LED Programmes	308 582	-
Thusong Centre	387 000	-
Ixopo Sportsfields Maintenance	143 930	-
Extended public Works Programme - Incentive Grant	411 505	-
Project Consolidate (MSIG)	34 513	404 766
Project Management Unit	163 377	163 377
Sangcwaba Grant	673 950	673 950
Waste Disposal Site	118 121	118 121
Total	15 279 072	
Add back grants with a credit balance disclosed under sundry debtors	(397 267)	
Total Unspent Conditional Grants and Subsidies	15 676 339	7 131 180

See Note 18 for reconciliation of grants and receipts.

13 Revenue

Service Charges	1 271 952	743 254
Rental of facilities	207 611	184 650
Interet received	2 863 809	2 539 649
Licences and permits	3 143 865	2 842 502
Miscellaneous other revenue	1 136 054	906 570
Property rates	8 291 631	7 060 308
Property rates penalties imposed	-	597
Adjustments to Small Town Rehabilitation	1 458 441	
Government grants and subsidies	82 348 978	64 929 510
Fines	146 915	528 720
	100 869 256	79 735 760

13.1 The amounts included in revenue arising from exchange of goods and services are as follows

Service charges	1 271 952	743 254
Rental of facilities and equipment	207 611	184 650
Interest received (trading)	2 863 809	2 539 649
Licence and permits	3 143 865	2 842 502
Miscellaneous other revenue	1 136 054	906 570
	8 623 291	7 216 625

13.2 The amount included in revenue arising from non-exchange transactions is a follows:

Taxation revenue		
Property rates	8 291 631	7 060 308
Property rates - penalties imposed	-	597
Transfer revenue		
Adjustments to Small Town Rehabilitation	1 458 441	
Government grants and subsidies	82 348 978	64 929 510
Fines	146 915	528 720
	92 245 965	72 519 135

14 PROPERTY RATES

Property rates	13 340 200	11 885 053
Less Revenue Forgone	(5 048 569)	(4 824 745)
Total property rates	8 291 631	7 060 308
Property rates - penalties imposed and collection charges	-	597
Total	8 291 631	7 060 905
Adjustments	-	-
Total	8 291 631	7 060 905

Valuations

Residential	181 605 375	181 605 375
Commercial	149 970 000	149 970 000
State	335 161 925	335 161 925
Industrial	22 008 640	22 008 640
Municipal	55 505 345	55 405 345
Agricultural	711 270 000	711 270 000
Donation: Sport & Welfare	83 749 690	83 749 690
Total Property Valuations	1 539 270 975	1 539 170 975

valuation came into effect on 1 July 2009.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to payable by the end of April, alterations.

Rates are levied in ten monthly equal instalments with the first instalment being due at the end of August and the last instalment is in May due at the end of June.

The new general valuation will be implemented on 01 July 2013.

- Residential	0.0134c/R	0.01264c/R
- State owned	0.0138c/R	0.01264c/R
- Agriculture	0.0033c/R	0.00316c/R
- Infrastructure	0.0033c/R	0.00316c/R
- Communal land	0.0033c/R	0.00316c/R
- Commercial	0.0138c/R	0.01264c/R
- Industrial	0.0145c/R	0.01370c/R
- Place of worship	Exempt	Exempt

The municipality does not levy rates on the first R15 000 of the market value of properties assigned to the categories below:

Residential;
Agriculture;
Smallholding (Agriculture);
Commercial;
Industrial; and
Communal land.

The Municipality does not levy rates on the first 30% of the market value of Public service infrastructure and State owned properties.

15 SERVICE CHARGES

Refuse removal	1 271 952	743 254
Total Service Charges	1 271 952	743 254

16 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	207 611	17 780
Rental of equipment	-	-
Other rentals	-	166 870
Total rentals	207 611	184 650

17 INTEREST EARNED - ON SHORT TERM DEPOSITS

Call Interest	2 647 192	2 367 272
Bank Current Account	216 617	172 377
Total interest	2 863 809	2 539 649

18 GOVERNMENT GRANTS AND RECEIPTS

Equitable share	50 309 000	38 394 000
Financial Management Grant	1 784 901	931 049
Geographical Information Systems Grant	-	138 245
Small Town Rehabilitation	8 675 566	5 261 559
Ixopo Sportsfields Grant	910 819	494 849
Library Cyber Grant	576 396	105 946
Library Assistant Grant	140 653	240 866
Municipal Infrastructure Grant	16 982 408	18 482 738
Management Assistance Grant	-	41 672
Nokweja Disaster Fund Grant	-	11 881
Project Consolidate (Municipal Systems Information Grant)	1 170 253	800 202
EPWP	588 495	-
LED Programmes	1 191 418	-
Thusong Centre	13 000	-
Ixopo Sportsfields maintenance	6 069	-
Waste Disposal Site Grant	-	26 500
Total Conditional Grants and Receipts	82 348 978	64 929 507

18.1 Equitable Share**Balance unspent at beginning of year**

Current year receipts	50 309 000	38 394 000
Conditions met - transferred to revenue	(50 309 000)	(38 394 000)
Conditions still to be met - remain liabilities (see note 13)	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

18.2 Capital Investment Programme Grant

Balance unspent at beginning of year	9 700	9 700
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	9 700	9 700

18.3 Financial Management Grant

Balance unspent at beginning of year	318 949	-
Current year receipts	1 500 000	1 250 000
Conditions met - transferred to revenue	(1 784 901)	(931 051)
Conditions still to be met - remain liabilities (see note 13)	34 048	318 949

18.4 Geographical Information Systems Grant

Balance unspent at beginning of year	8 467	146 712
Current year receipts (GIS grants consolidated transfereed from GIS 07/06)	-	-
Conditions met - transferred to revenue	-	(138 245)
Conditions still to be met - remain liabilities (see note 13)	8 467	8 467

18.5 GIS Grant 07/06

Balance unspent at beginning of year	-	157 750
GIS grants consolidated and transferred to grant above	-	(157 750)
Conditions still to be met - remain liabilities (see note 13)	-	-

18.5 Hawkers/Taxi Grant

Balance unspent at beginning of year	1 033 341	1 033 341
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	1 033 341	1 033 341

18.6 HR Systems Governance

Balance unspent at beginning of year	7 170	7 170
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	7 170	7 170

18.7 Internal Roads

Balance unspent at beginning of year	1 458 441	-
Adjustments	(1 458 441)	
Current year receipts	14 500 000	6 720 000
Conditions met - transferred to revenue	(8 675 566)	(5 261 559)
Conditions still to be met - remain liabilities (see note 13)	<u>5 824 434</u>	<u>1 458 441</u>

18.8 Kuyasa School Grant

Balance unspent at beginning of year	4 302	4 302
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	<u>4 302</u>	<u>4 302</u>

18.9 Land Use Management

Balance unspent at beginning of year	220 238	220 238
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	<u>220 238</u>	<u>220 238</u>

18.10 Library Assistant

Balance unspent at beginning of year	5 708	5 854
Current year receipts	-	105 800
Conditions met - transferred to revenue	(140 653)	(105 946)
Conditions still to be met - remain liabilities (see note 13)	<u>(134 945)</u>	<u>5 708</u>

18.11 Library Building Grant

Balance unspent at beginning of year	213 440	220 966
Current year receipts	245 000	233 340
Adjustment to be paid by DoA	(180 000)	
Conditions met - transferred to revenue	(396 396)	(240 866)
Conditions still to be met - remain liabilities (see note 13)	<u>(117 956)</u>	<u>213 440</u>

18.12 Municipal Infrastructure Grant

Balance unspent at beginning of year	1 747 077	2 820 813
Current year receipts	21 118 000	17 409 000
Conditions met - transferred to revenue	(16 969 094)	(18 482 738)
Adjustments - expenditure	-	-
Conditions still to be met - remain liabilities (see note 13)	<u>5 895 983</u>	<u>1 747 077</u>

18.13 Management Assistance Grant

Balance unspent at beginning of year	4 632	46 304
Current year receipts	-	-
Conditions met - transferred to revenue	-	(41 672)
Conditions still to be met - remain liabilities (see note 13)	<u>4 632</u>	<u>4 632</u>

18.14 Marloth Project Grant

Balance unspent at beginning of year	8 197	8 197
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	<u>8 197</u>	<u>8 197</u>

18.15 Market Stalls Grant

Balance unspent at beginning of year	350 877	350 877
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	350 877	350 877

18.16 LED Programme

Balance unspent at beginning of year	-	-
Current year receipts	1 500 000	-
Conditions met - transferred to revenue	(1 191 418)	-
Conditions still to be met - remain liabilities (see note 13)	308 582	-

18.17 Mun Development Planning Capacity Building

Balance unspent at beginning of year	24 973	24 973
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	24 973	24 973

18.18 Municipal administrative Development

Balance unspent at beginning of year	9 000	9 000
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	9 000	9 000

18.19 Mziki LCH

Balance unspent at beginning of year	(573 880)	(573 880)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	(573 880)	(573 880)

18.20 Nokweja Disaster Fund

Balance unspent at beginning of year	(8 558)	3 323
Current year receipts	-	-
Conditions met - transferred to revenue	-	(11 881)
Balance owing transferred to debtors (Refer to note 8)	(8 558)	(8 558)

18.21 Thusong Service Centre

Balance unspent at beginning of year	-	-
Current year receipts	400 000	-
Conditions met - transferred to revenue	(13 000)	-
Conditions still to be met - remain liabilities (see note 13)	387 000	-

18.22 Project Consolidate (Municipal Systems Information Grant)

Balance unspent at beginning of year	404 766	414 968
Current year receipts	800 000	790 000
Conditions met - transferred to revenue	(1 170 253)	(800 202)
Conditions still to be met - remain liabilities (see note 13)	34 513	404 766

18.23 Project Management unit

Balance unspent at beginning of year	163 377	163 377
Adjustments	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	163 377	163 377

18.24 Sangcwaba Grant

Balance unspent at beginning of year	673 950	673 950
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	673 950	673 950

18.25 Waste Disposal Site

Balance unspent at beginning of year	118 121	144 621
Conditions met - transferred to revenue	-	(26 500)
Conditions still to be met - remain liabilities (see note 13)	118 121	118 121

18.25 Ixopo Sportsfield (Including Maintenance Grant)

Balance unspent at beginning of year	346 453	1 302
Adjustments	(346 453)	-
Current year receipts	570 000	840 000
Internally funded portion	-	-
Conditions met - transferred to revenue	(570 000)	(494 849)
Conditions still to be met - remain liabilities (see note 13)	-	346 453

18.26 EPWP Grant

Balance unspent at beginning of year	-	-
Adjustments	-	-
Current year receipts	1 000 000	-
Conditions met - transferred to revenue	(588 495)	-
Conditions still to be met - remain liabilities (see note 13)	411 505	-

19 OTHER INCOME

Included in other income are the following:-

Sundry income	168 675	102 070
Licence commission	609 086	586 366
Burial fees	37 764	20 352
Building fees	12 871	39 340
Lost books	501	1 993
Library photostats	7 591	13 454
Sale of assets	200 409	-
Admin fees	21 142	13 718
Discount received	-	5 498
Skills development	86 215	123 780
	1 144 254	906 571

20 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	18 190 313	14 380 764
Employee related costs - Contributions for UIF, pensions and medical aids	4 135 194	2 683 841
Travel, motor car, accommodation, subsistence and other allowances	1 072 781	824 004
Housing benefits and allowances	16 698	33 424
Overtime payments	593 546	339 799
Other employee related costs	1 151 220	1 392 075
Total Employee Related Costs	25 159 752	19 653 908

There were no advances to employees.

Remuneration of the Municipal Manager

Annual Remuneration	733 878	521 636
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	144 658	85 584
Contributions to UIF, Medical and Pension Funds	102 105	66 158
Total	980 641	673 378

Remuneration of the Chief Financial Officer

Annual Remuneration	507 173	486 361
Travel, motor car, accommodation, subsistence and other allowances	108 878	189 598
Contributions to UIF, Medical, Pension Funds and Skills levy	7 418	1 373
Total	623 469	677 332

The Chief Financial Officer was appointed in September 2012. The above figures are for 10 months only.

Acting Chief Finance Officer

Annual Remuneration	137 569	399 010
Travel, motor car, accommodation, subsistence and other allowances	1 700	11 328
Contributions to UIF, Medical, Pension Funds and Skills levy	1 654	998
Total	140 923	411 336

The remuneration for the Acting Chief Finance Officer is for two months only

Remuneration of Individual Executive Directors:**Technical Services**

Annual Remuneration	242 547	439 758
Travel, motor car, accommodation, subsistence and other allowances	70 667	218 143
Contributions to UIF, Medical and Pension Funds	3 538	1 497
Total	316 751	659 398

The Director infrastructure resigned in December 2012, subsequently a new director was appointed in January 2013.

Technical Services

Annual Remuneration	338 800	-
Travel, motor car, accommodation, subsistence and other allowances	10 804	-
Contributions to UIF, Medical and Pension Funds	4 161	-
Total	353 765	-

The Director infrastructure resigned in December 2012, subsequently a new director was appointed in January 2013.

20 Corporate Services

Annual Remuneration	631 667	472 697
Travel, motor car, accommodation, subsistence and other allowances	69 848	4 929
Contributions to UIF, Medical and Pension Funds	8 664	1 248
Total	710 179	478 874

The remuneration for the Director: Corporate Services post is for the full financial year.

Social Development

Annual Remuneration	426 340	500 148
Travel, motor car, accommodation, subsistence and other allowances	160 943	91 496
Contributions to UIF, Medical and Pension Funds	7 056	1 373
Total	594 339	593 017

The Community Services Director was appointed in September 2012. The above remuneration is for 10 months only.

21 REMUNERATION OF COUNCILLORS

Mayor	464 508	383 361
Deputy Mayor	319 674	191 393
Speaker	206 908	190 809
Exco Members	399 296	306 759
Councillors' allowances	4 298 417	3 921 744
Cellular Allowance	314 074	294 213
Councillors' data cards	85 500	-
Total Councillors' Remuneration	6 088 376	5 288 280

In-kind Benefits

The Mayor and one of the Executive Committee members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of the Council owned vehicle plus one driver for official duties.

22 CONTRACTED SERVICES

Contracted services for:

Cleaning	-	14 424
Security	1 213 734	609 425
Insurance	477 613	388 734
IT Maintenance - website	-	32 719
Stationery	601 201	481 762
other	292 249	228 780
Tracker	-	-
	2 584 797	1 755 844

23 GRANTS AND SUBSIDIES PAID

Finance Management Grant	1 720 176	912 022
Map Grant	-	41 693
GIS Grant	-	138 245
MSIG Grant	1 152 669	800 202
MIG Grant	1 062 295	821 642
Library Grant expense	140 653	105 946
Library Grant Opex	576 385	240 867
LED Programme Grant	1 191 418	
Ixopo Sportfield Maintenance	6 069	
Thusong Centre Grant	13 000	
Nokweja		38 381
	5 862 667	3 098 998

24 GENERAL EXPENSES

Included in general expenses are the following:-

Advertisements	361 410	336 551
Arts and Culture	301 611	178 866
Prov. For post employment benefit	-	793 757
Assets under R5000.	-	8 751
Pest Control	8 474	7 421
Water	187 088	
Audit-External	1 301 291	803 791
Audit - Internal	-	289 232
Bank Charges	91 651	89 617
Breakdown Services	2 994	-
HIV/Aids awareness	66 873	15 413
Marketing & Tourism	272 069	84 894
Stores and mainenance	3 478	5 814
Chemicals,Cleaning,First Aid	11 502	16 847
Cleaning Office	64 309	73 116
Communication Costs	-	27 925
Community Awareness	17 525	50 188
Compensation Commissioner	330 368	-
Bursary/Staff loan	-	
Computer & IT Support	915 386	208 049
Plan development	911 860	-
Repairs and maintenance	-	1 824 235
Electricity	233 535	333 532
Employment Creation	587 955	80 694
Entertainment	67 241	78 999
Free Basic Electricity.	860 187	771 149
Freight Costs/Hire Costs	46 400	429 880
Fuel& Oil	996 790	541 730
Gender Development	75 719	159 594
Bursary Youth	306 900	175 400
IDP Small Projects.	15 850	246 983
Landfill Site	-	299 850
LED Projects	2 121 362	1 668 646
Legal Fees	928 599	703 553
Licences & Permits	24 898	52 900
Moral Regeneration	10 763	10 700
Occupational Safety/Protective clothing	216 910	33 090
Disaster Management, back to school and corporate branding	223 856	45 131
Postage	78 297	83 684
Printing & Stationery	566 061	430 656
Public Paticipation	53 650	291 977
SMME Capacity Building	64 370	3 842
Traffic Levy	5 726	80 947
Refuse Expenses	468 891	103 872
Reimburive Travel	269 019	393 752
S & T Accommodation.	602 616	753 821
Security.	-	559 621
Skills Levy	50 768	42 547
Software Licence Fees	54 169	42 255
Special Programmes	292 563	101 486
Sports & Recreation	463 044	938 693
Councillor Support Clerk	-	67 986
Strategic Plan.	483 610	292 129
Subs Membership & Publication.	450 199	163 350
Sundry.	13 562	2 254
Training	1 242 464	655 990
Valuation Roll.	806 871	204 105
Ward Committee	658 005	926 496
Youth Upliftment	299 155	99 933
	18 487 894	13 823 873

25 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	16 678 738	20 893 189
Adjustment for:-	-	-
Interest earned	(2 863 809)	(2 539 649)
Interest expense	-	165 591
Depreciation and amortisation	16 420 807	13 498 151
Impairment of property, plant and equipment	5 819 205	102 364
Increase in provisions - bad debts	1 620 072	-
Increase in contribution to post retirement benefits	(185 070)	793 757
Sundry	-	(6)
Working Capital Movements	-	-
(Increase)in trade receivables from exchange transactions.	(806 967)	(3 115 423)
Decrease in trade receivables from non-exchange transactions.	(943 157)	114 640
(Decrease)/Increase in VAT receivable	292 760	(778 941)
Increase /(Decrease) in trade payables	6 204 009	(346 213)
Increase /(Decrease) in Unspent Grants	8 545 159	821 191
Asset Adjustments.	(791 577)	-
Cash generated by operations	49 990 170	29 608 650

26 CORRECTION OF ERROR

The comparatives for 2011/2012 have been restated in respect of the following errors:

26.1 Furniture and Equipment

Balance previously reported	1 790 324
Fair Value Cost not recorded previously	210 263
Accumulated Depreciation not previously accounted for	(105 865)
Other adjustments	15 342
Fair Value Cost not recorded previously	1 910 064

26.2 Computer Equipment

Balance previously reported	539 830
Fair Value Cost not recorded previously	191 516
Accumulated Depreciation not previously accounted for	(69 389)
Other adjustments	7 186
Restated balance at 30 June 2012	669 143

26.3 Plant & Equipment

Balance previously reported	1 332 048
Fair Value Cost not recorded previously	34 826
Accumulated Depreciation not previously accounted for	(23 126)
Other adjustments	2 141
Restated balance at 30 June 2012	1 345 889

26.4 Vehicles

Balance previously reported	1 932 103
Fair Value Cost not recorded previously	-
Accumulated Depreciation not previously accounted for	-
Other adjustments	10 457
Restated balance at 30 June 2012	1 942 560

27 FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure

Opening balance	-	-
- South African Revenue Service	-	149 404
Interest and penalties were charged for late payment of PAYE, Skills development levy, UIF.		
- Natal Joint Municipal Pension Fund	-	642
Interest was charged for late payment of member contributions		
- Municipal Councillor's Pension Fund	-	121
Interest was charged for late payment of member contributions		
Closing balance	<u>-</u>	<u>150 167</u>

28 IRREGULAR EXPENDITURE

28.1 IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure:

Opening balance	6 868 555	-
Section 36 - condoned or written off by Council	(6 868 555)	
Irregular 2012/2013	279 260	
Section 36 - condoned or written off by Council	(279 260)	
Not yet condoned - in the service of the state	239 293	6 868 555
Closing balance	<u>239 293</u>	<u>6 868 555</u>

These deviations were mainly caused by nature of the service where it is impossible to obtain a minimum of 3 quotations and the cases where the services and goods were required urgently.

Where a deviation was due to negligence, the municipality has taken measures against the employee involved in a negligent activity.

29 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

29.1 Contributions to organised local government

Opening balance		
Council subscriptions	450 000	100 000
Amount paid - current	(450 000)	(100 000)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

29.2 Audit fees

Opening balance		
Current year audit fee	1 301 291	793 227
Amount paid - current year	(1 301 291)	(793 227)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

29.3 VAT

Vat received for the year	(5 706 493)	(4 500 598)
VAT paid for the year	-	-
	<u>(5 706 493)</u>	<u>(4 500 598)</u>

Vat input receivable and VAT output payable are shown in note 8.

29.4 PAYE and UIF and Skills

Opening balance	-	-
Current year payroll deductions	4 381 818.66	2 573 221.53
Amount paid - current year	-4 381 818.66	-2 573 221.53
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

29.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	3 877 009.60	4 158 776.70
Amount paid - current year	-3 877 009.60	-4 158 776.70
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

29.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

as at 30 June 2013

Councillor D Ram (Acc No 104881)	2 401	-
Total Councillor Arrear Consumer Accounts	<u>2 401</u>	<u>-</u>

30 CAPITAL COMMITMENTS

30.1 Commitments in respect of capital expenditure

Total commitments	54 133 944	45 437 493
- Contract costs to complete	15 525 944	6 390 163
Infrastructure	4 787 531	1 041 452
Community	4 434 860	4 264 599
Other	6 303 553	1 084 112
- Approved but not yet contracted for	38 608 000	39 047 330
Infrastructure	24 344 094	17 290 330
Community	8 986 905	15 955 000
Other	5 277 001	5 802 000
Total	<u>54 133 944</u>	<u>45 437 493</u>
 This expenditure will be financed from:		
- External Loans	-	-
- Government Grants	48 706 944	35 512 790
- Own resources	5 427 000	9 924 703
	<u>54 133 944</u>	<u>45 437 493</u>

31 RETIREMENT BENEFIT INFORMATION

31.1 Retirement benefits

The Municipality's personnel are members of one of the Natal Joint Municipal Pension retirement funds, namely the Superannuation, Retirement and Provident Funds. As the aforementioned funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific municipality and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution plans.

31.2 Post-employment medical benefits

The municipality operates on 3 accredited medical aid schemes, namely Bonitas, Keyhealth, and Samwumed. Pensioners continue on the option they belonged to on the day of their retirement. Independent valuers, Zaqen Actuaries (Pty) Ltd, carried out a statutory valuation as at 30 June 2013.

The post-retirement medical obligations at 30 June 2013 quantified the present value of unfunded obligations at R3,305,000. The Current-service costs for the year ending 30 June 2013 is estimated at R305 000. The principal actuarial assumptions used included a discount rate of 6.75% , and a health care cost inflation rate of 6.25 % .

The movement in the liability recognised in the balance sheet is as follows:

The principal actuarial assumptions used were as follows:

Balance at beginning of the year	3 645 000	3 077 107
Current service cost	207 100	158 206
Interest cost	275 800	260 752
Benefit payments	(110 000)	(110 880)
Actuarial (gains)/losses	(712 900)	259 488
Expected Employer Benefit Payments	-	(110 880)
Closing Accrued Liability	3 305 000	3 644 673

31.3 The amounts recognised in the Statement of Financial Position were as follows:

Current service cost	207 100	158 206
Interest cost	275 800	260 752
Actuarial (gains)/losses	(712 900)	3 198 590
	(230 000)	3 617 548
Benefit payments	(110 000)	(110 880)
Transitional Liability	-	138 005
	(340 000)	3 644 673

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	207 100	158 206
Interest cost	275 800	260 752
Benefit payments	(110 000)	(110 880)
Actuarial (gains)/losses	(712 900)	259 488
	(340 000)	567 566

Key Assumptions

Discount rate per annum	6.75%	7.73%
Health care cost inflation rate	4.50%	7.04%
Net effective discount rate	0.64%	0.64%
Benchmark inflation (equal to salary inflation)	0%	0%
Average retirement age	63	63
Proportion continuing membership at retirement	100%	100%
Proportion of retiring members who are married	90%	90%
Mortality during employment	SA 85-90 ultimate	SA 85-90 ultimate
Mortality post-retirement	PA90-1 ultimate	PA90-1 ultimate
(No explicit assumption was made about additional mortality or health care costs due to AIDS).		

Percentage of in-service members withdrawing before retirement:

Age 20	40%	40%
Age 30	25%	25%
Age 40	12%	12%
Age 50	4%	4%
Age 55+	0%	0%

The amounts recognised in the Statement of Financial Position

3 305 000**3 644 673****31.4 Long Service Awards.**

Independent valuers, Zaqen Actuaries (Pty) Ltd, carried out a statutory valuation as at 30 June 2013.

The principal actuarial assumptions used were as follows:

Discount rate per annum	7%	7%
General Salary Inflation (Long term)	6%	6%
Net effective discount rate	1%	9%

Examples of mortality rates used were as follows:

Average retirement age	63	63
Mortality during employment	SA85-90	SA85-90

Members withdrawn from services:

Age 20	40%	40%
Age 30	25%	25%
Age 40	12%	12%
Age 50	4%	4%
Age 55+	0%	0%

31.5 The amounts recognised in the Statement of Financial Position were determined as follows:

Present value of funded obligations	917 982	763 379
Fair value of plan assets	-	-
Liability in the Statement of Financial Position	917 982	763 379

Movements in the defined benefit obligation is as follows:

Balance at beginning of the year	763 379	537 188
Current service cost	154 554	102 685
Interest cost	49 926	42 426
Benefit payments	(63 000)	(20 835)
Actuarial (gains)/losses	13 123	101 915
Balance at end of year	917 982	763 379

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	154 554	102 685
Interest cost	49 926	42 426
Benefit payments	(63 000)	(20 835)
Actuarial (gains)/losses	13 123	101 915

Total, included in employee benefits expense	<u>154 603</u>	<u>226 191</u>
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In conclusion the retirement benefits were:

Statement of Financial Position obligation for:

Post-employment medical benefits	3 305 000	3 644 673
Long Services Award.	<u>917 982</u>	<u>763 379</u>
	<u>4 222 982</u>	<u>4 408 052</u>

Statement of Financial performance obligation for:

Post-employment medical benefits loss	(340 000)	567 566
Long Service Award loss	<u>154 603</u>	<u>226 191</u>
	<u>(185 397)</u>	<u>793 757</u>
Additional retirement costs.	-	-
	<u>(185 397)</u>	<u>793 757</u>

Long service award gain	<u>-</u>	<u>-</u>
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32 CONTINGENT LIABILITY

32.1 Possible claims and Litigation against the municipality by former employees	700 000	1 097 400
	<u>700 000</u>	<u>1 097 400</u>

32.2 Contingent Liability or asset arising from pending litigation on wage curve agreement

As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional receivable/ payable for employee wages, depending on the outcome of the pending litigation. It is not practicable to reliably estimate the amount of this receivable/ payable prior to the outcome of the pending litigation. However as advised by Salga, the municipality paid its employees 8.48% increase on their salaries on 1 July 2010

33 CONTINGENT ASSET

No contingent assets were identified for the year ended 30 June 2013 or for the year ended 30 June 2012.

34 RELATED PARTIES

Joint Ventures	-	-
Associates	-	-
Members of key management	-	-
Close family member of key management	-	-
Post employment benefit plan for employees of municipality and/or other related parties	-	-
Other related party relationships	-	-
- Umzimkulu Municipality (Land fill site usage)	<u>316 656</u>	<u>279 032</u>
Related party balances	<u>316 656</u>	<u>279 032</u>

35 EVENTS AFTER THE REPORTING DATE

No events after the reporting date were identified for the year ended 30 June 2013 or for the year ended 30 June 2012.

36 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts of property, plant and equipment
- Present value of defined benefit obligation
- Provision for doubtful debts

37 FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives

Due to the largely non-trading nature of the activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality's finance function monitors and manages the financial risks relating to the operations of the municipality. These risks include credit risk, liquidity risk, market risk relating to interest rate risk.

37.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

is as follows:

Cash and Cash Equivalents	57 758 256	38 818 024
Trade and other receivables	4 581 048	5 210 200
Maximum Credit Exposure	62 339 304	44 028 224

38 FINANCIAL RISK MANAGEMENT continued

38.1 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Unspent Grants are cash backed.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into amounts due within the 12 months after financial year end. The amounts disclosed in the table are the contractual undiscounted cash flows.

Trade and other payables	11 741 493	5 533 636
Other: Lease obligations	1 146 071	1 364 888
Maximum Liquidity Exposure	12 887 564	6 898 524

38.2 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

Bank Balances and Cash	57 758 256	38 818 024
Maximum Interest Exposure	57 758 256	38 818 024

38.3 Other price risk

Due to legislative restrictions, the municipality does not trade these investments.

**UNAUDITED SUPPLEMENTARY SCHEDULE
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT												
	Cost / Revaluation				Accumulated Depreciation					Carrying Value		
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Change in estimate		Impairment loss/Reversal of impairment loss	Closing Balance
As at 30 June 2013												
Buildings	31 206 865	789 608	-	-	31 996 473	8 814 850	1 129 509	-	-	-	9 944 359	22 052 114
Infrastructure Assets	152 401 919	13 477 353	-	-	165 879 272	110 748 294	7 698 050	-	-	550 556	118 886 900	46 882 372
Community Assets	89 752 471	17 570 060	-	-	107 322 531	24 917 798	5 951 267	-	-	5 104 060	35 973 125	71 349 406
Heritage Assets	2 849 000	-	-	-	2 849 000	-	-	-	-	-	-	2 849 000
Work in Progress	24 416 085	15 934 269	-	(20 200 125)	20 150 229	-	-	-	-	-	-	20 150 229
Specialised Vehicles	1 073 328	2 139 821	-	-	3 213 149	301 157	191 729	-	-	-	492 866	2 720 269
Furniture & Equipment	3 452 003	(360 189)	-	-	3 091 813	1 541 936	(215 574)	-	-	54 479	1 380 842	1 710 971
Computer Equipment	1 410 726	927 236	-	-	2 337 962	741 592	(76 556)	-	-	26 443	891 468	1 646 494
Plant & Equipment	2 546 104	(48 505)	-	-	2 497 599	1 200 217	(1 558)	-	-	1 962	1 200 621	1 296 978
Vehicles	3 033 750	1 633 639	-	-	4 667 389	1 091 189	76 775	-	-	81 944	1 248 908	3 417 481
Leased Assets	1 490 411	-	-	-	1 490 411	428 688	298 088	-	-	-	726 776	768 636
Other	-	144 000	-	-	144 000	-	28 000	-	-	-	28 000	116 000
Total	313 632 662	52 207 292	0	-20 200 125	345 639 829	149 785 711	15 079 729	0	0	5 818 444	170 684 885	174 954 944

170 684 885

As at 30 June 2012	Cost / Revaluation				Accumulated Depreciation					Carrying Value		
	Balance	Additions	Disposals	Construction	Balance	Balance	Depreciation	Disposals	estimate		loss/Reversal	Balance
	R	R	R	R	R	R	R	R	R		R	R
Investment Property	11 866 000	0	0	0	11 866 000	0	0	0	0	0	0	11 866 000
Intangible Assets	440 253	0	0	0	440 253	0	0	0	0	0	0	440 253
Buildings	31 206 865	0	0	0	31 206 865	7 685 341	1 129 509	0	0	0	8 814 850	22 392 015
Infrastructure Assets	134 701 920	0	0	17 700 000	152 401 920	103 026 196	7 722 088	0	0	0	110 748 294	41 653 626
Community Assets	82 598 441	0	0	7 154 031	89 752 472	18 955 304	5 962 495	0	0	0	24 917 799	64 834 673
Heritage Assets	2 849 000	0	0	0	2 849 000	0	0	0	0	0	0	2 849 000
Work in Progress	23 807 641	25 462 474	0	-24 854 031	24 416 084	0	0	0	0	0	0	24 416 084
Specialised Vehicles	1 030 033	43 295	0	0	1 073 328	448 174	69 879	0	-216 896	0	301 157	772 171
Furniture & Equipment	2 677 063	564 676	0	0	3 241 739	1 917 230	212 059	0	-734 126	56 252	1 451 415	1 790 324
Computer Equipment	1 117 171	102 039	0	0	1 219 210	771 458	89 457	0	-212 701	31 166	679 360	539 830
Plant & Equipment	2 511 278	787 225	0	0	2 511 278	1 367 082	164 494	0	-367 292	14 946	1 179 230	1 332 048
Vehicles	2 246 525	470 438	0	0	3 033 750	1 681 443	209 553	0	-789 349	0	1 101 647	1 932 103
Leased Assets	1 019 974		0	0	1 490 412	169 716	258 972	0		0	428 688	1 061 724
Total	298 072 164	27 430 147	0	0	325 502 311	136 021 944	15 818 516	0	-2 320 364	102 364	149 622 460	175 879 851

UNAUDITED SUPPLEMENTARY SCHEDULE

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost / Revaluation				Accumulated Depreciation							Carrying value R
	Opening Balance R	Additions R	Work in Progress brought into use R	Disposals R	Closing Balance R	Opening Balance R	Current R	Change in estimate R	Impairment R	Closing Balance R		
As at 30 June 2013												
Budget & Treasury	12 360 628	324 238	-	-	12 684 866	7 345 000	1 581 852		280 972	9 217 824	3 467 042	
Community Services	68 198 621	17 570 060.00			85 768 681	30 101 428	2 372 777		961 944	33 456 150	52 312 531	
Corporate Services	383 410	936 914			1 320 324	489 286	490 926		72 917	1 053 126	267 196	
Executive & Council	11 184 289	919 015			12 103 314	5 982 857	1 265 481		961 944	8 230 263	3 873 031	
Housing	61 404	122 535			183 939	85 000	10 296		5 972.21	101 268	82 671	
Planning & Development	53 677 367	919 015			54 596 382	14 978 571	1 881 852		1 448 886.85	18 309 312	36 287 070	
Public Safety	802 351	612 676.48			1 415 027	489 286	30 926		872 917	1 393 128	21 899	
Roads	152 401 919	13 477 353.26			165 879 272	88 735 713	6 563 768		581 944	95 861 426	69 997 846	
Solid Waste	2 341 347	306 338			2 647 685	989 286	790 926		290 972.21	2 071 184	576 502	
Sports & Recreation	111 485	1 084 917.94	-		1 196 403	589 286	90 926		290 972.21	971 184	225 219	
Work in progress	24 416 084	15 934 289	-20 200 125.00		20 150 228	-					20 150 228	
Total	325 938 915	52 207 332	-20 200 125.00		357 946 122	149 785 711	15 079 729		5 819 444	170 684 884	187 261 238	

UBUHLEBEZWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

39 Categories of financial instruments

2013 Financial Year	Loans and receivables	Financial liabilities at amortised cost	Total
<u>Current assets</u>			
Trade receivables	5 055 341	-	5 055 341
Other receivables	1 904 983	-	1 904 983
Cash and cash equivalents	57 758 256	-	57 758 256
VAT receivable	4 298 260	-	4 298 260
<u>Non-current liabilities</u>			
Finance lease liability	-	762 529	762 529
Other non-current liabilities	-	4 222 982	4 408 052
<u>Current liabilities</u>			
Trade and other payables	-	11 737 645	11 737 645
Short-term portion of finance lease	-	383 542	383 542
Unspent conditional grants and receipts	-	15 676 339	15 676 339
	-	-	-

2012 Financial Year	Loans and receivables	Financial liabilities at amortised cost	Total
<u>Current assets</u>			
Trade receivables	4 248 374	-	4 248 374
Other receivables	961 826	-	961 826
Cash and cash equivalents	38 818 024	-	38 818 024
VAT receivable	4 591 020	-	4 591 020
<u>Non-current liabilities</u>			
Finance lease liability	-	1 036 582	1 036 582
Other non-current liabilities	-	4 408 052	4 408 052
	-	-	-
<u>Current liabilities</u>			
Trade and other payables	-	5 533 636	5 533 636
Short-term portion of finance lease	-	328 306	328 306
Unspent conditional grants and receipts	-	7 131 180	7 131 180

UNAUDITED SUPPLEMENTARY SCHEDULE

(79 735 762)	58 842 573	20 893 189
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**UNAUDITED SUPPLEMENTARY SCHEDULE
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 128 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003**

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2011/2012 financial statements	Grants and Subsidies delayed/ withheld	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grants framework in the latest Division of Revenue Act	Reason for non Compliance
		July to Sept	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June						
Equitable Share	National Treasury	20 962 000	16 770 000	13 577 000	-	50 309 000	20 962 000	16 770 000	12 577 000	9 598 500	50 309 000	-	No	N/a	Yes	N/a
Anti Corruption Grant	Ditja	-	-	-	-	4 700	-	-	-	-	-	9 700	No	N/a	Yes	N/a
Capital Investment Program	Ditja	9 700	-	-	-	4 700	-	-	-	-	-	9 700	No	N/a	Yes	N/a
Financial Management Grant	National Treasury	312 949	1 500 000	-	-	1 812 949	-	296 037	14 211	1 474 654	1 784 992	34 047	No	N/a	Yes	N/a
M.F.M.A Implementation Plan	Ditja	-	-	-	-	8 467	-	-	-	-	-	8 467	No	N/a	Yes	N/a
G.I.S Grant	Ditja	8 467	-	-	-	8 467	-	-	-	-	-	8 467	No	N/a	Yes	N/a
Hawkers/Traders Grant	Ditja	1 033 341	-	-	-	1 033 341	-	-	-	-	-	1 033 341	No	N/a	Yes	N/a
LED Programme	Ditja	7 170	-	-	-	7 170	-	-	-	-	-	7 170	No	N/a	Yes	N/a
H.R Systems Governance	Ditja	-	-	1 500 000	-	1 500 000	-	-	-	1 191 418	1 191 418	308 582	No	N/a	Yes	N/a
Thusong Centre	Ditja	-	-	400 000	-	400 000	-	-	-	13 000	13 000	387 000	No	N/a	Yes	N/a
Internal Records	Ditja	1 458 441	14 500 000	-	-	15 958 441	331 718	345 032	-	7 969 916	8 672 665	5 824 434	No	N/a	Yes	N/a
Internal Records	Ditja	-	-	-	-	4 302	-	-	-	-	-	4 302	No	N/a	Yes	N/a
Koppe Sportfields	Ditja	-	-	-	-	228 296	-	-	-	-	-	228 296	No	N/a	Yes	N/a
Kuyasa School Grant	Ditja	-	-	-	-	5 708	-	-	-	-	-	5 708	No	N/a	Yes	N/a
Land Use Management	Ditja	-	-	-	-	5 708	-	-	-	-	-	5 708	No	N/a	Yes	N/a
Library Assistant	Ditja	-	-	-	-	5 708	-	-	-	-	-	5 708	No	N/a	Yes	N/a
Library Building Grant	Ditja	-	-	-	-	5 708	-	-	-	-	-	5 708	No	N/a	Yes	N/a
M.I.G Grant	National Treasury	7 000 000	7 033 000	6 455 000	-	20 488 000	425 538	3 591 455	618 189	12 331 892	16 966 044	5 895 582	No	N/a	Yes	N/a
Management Assistance	Ditja	4 832	-	-	-	4 832	-	-	-	-	-	4 832	No	N/a	Yes	N/a
Marshall Project	Ditja	8 197	-	-	-	8 197	-	-	-	-	-	8 197	No	N/a	Yes	N/a
Market Stalls	Ditja	350 877	-	-	-	350 877	-	-	-	-	-	350 877	No	N/a	Yes	N/a
Municipal Development Planning Capacity	Ditja	24 973	-	-	-	24 973	-	-	-	-	-	24 973	No	N/a	Yes	N/a
Municipal Administrative Development	Ditja	9 000	-	-	-	9 000	-	-	-	-	-	9 000	No	N/a	Yes	N/a
Mziki L.C.H	Ditja	-	-	-	-	-	-	-	-	-	-	-	No	N/a	Yes	N/a
Nkomojale Disaster Fund	Ditja	-	-	-	-	-	-	-	-	-	-	-	No	N/a	Yes	N/a
EPWP	Ditja	-	-	-	1 000 000	1 000 000	-	170 046	157 656	250 794	598 496	411 504	No	N/a	Yes	N/a
Project Consolidation(MS.G)	Ditja	464 768	800 000	-	-	1 264 768	-	515 281	-	854 972	1 170 243	34 513	No	N/a	Yes	N/a
Project Management Unit	Ditja	163 377	-	-	-	163 377	-	-	-	-	-	163 377	No	N/a	Yes	N/a
Sangweniwa Grant	Ditja	673 950	-	-	-	673 950	-	-	-	-	-	673 950	No	N/a	Yes	N/a
Sponya Housing Project	Ditja	-	-	90 852	-	90 852	-	-	-	90 852	90 852	118 121	No	N/a	Yes	N/a
Waste Disposal Site	Ditja	-	-	-	-	-	-	-	-	-	-	-	No	N/a	Yes	N/a
Xoppe Sportfields Maintenance	Cogita	118 121	-	-	-	118 121	-	-	-	-	-	118 121	No	N/a	Yes	N/a
		6 571 285	30 062 000	21 032 852	1 150 000	57 816 137	21 719 276	21 753 855	13 377 056	33 687 617	90 402 855	15 576 538				